The Big IDEA

Dynamic Stakeholder Management

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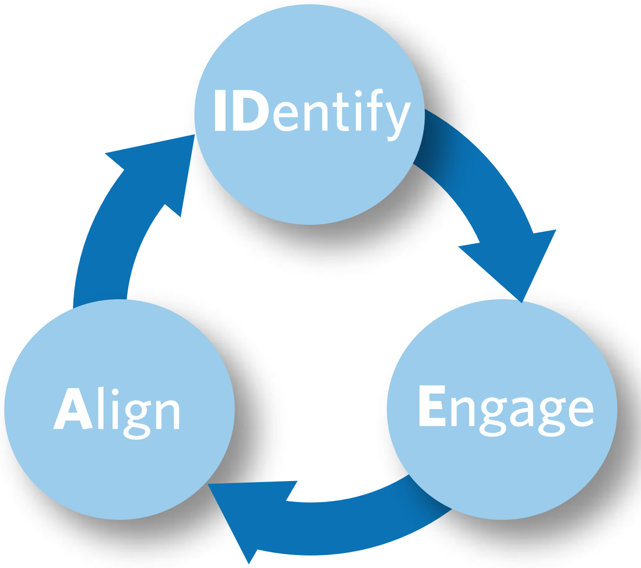
Who holds a stake in your program? What are their interests? Would your program flourish or spiral downward without their advocacy?

In today's dynamic environment, program managers (PMs) and acquisition professionals, across a variety of sectors and disciplines, are increasingly subject to a wide variety of pressures and constraints. Program managers must balance the perspectives, interests and motivations of a variety of organizations both internal and external to the program office in order to achieve program goals. There are relationships with the end user employing the system being acquired, fielded and sustained as well as interaction with the defense industrial base that helps to develop the systems for use in end products.

Corporate staffs provide the necessary oversight of program health and guidance required to ensure compliance with applicable statute, policy and law. Depending on the phase or development level of the program, various other agencies and independent organizations may have a role in ensuring the success of acquisition efforts. As a result, PMs often are pulled in multiple directions, struggling to find the appropriate balance in tending to the needs of the myriad, increasing stakeholders and required certifications, while simultaneously leading projects and managing the program's cost, schedule and performance.

Many acquisition efforts are complex, interwoven with system complexity, applicable policy, guidance and laws and are riddled with budget constraints. To achieve program goals, program managers must make choices between potentially sacrificing program content or readdressing requirements. Therefore, in today's challenging environment, it is incumbent on leaders to develop a comprehensive stakeholder management strategy that builds support, enables advocacy and provides an underpinning for managing acquisition success. The IDEA model is an approach focused on: **ID**entifying stakeholders, **E**ngaging them early and often, **A**ligning interests and goals and completing the cycle by reassessing stakeholder relevancy, then repeating the process when necessary. Using this framework,

Figure 1. IDEA for Stakeholder Management



PMs and project managers can ensure they are the forefront of managing collective interests, while keeping pace with change and with a dynamic operating environment (See Figure 1).

Even before beginning the journey to ID, Engage and Align with stakeholder interests, PMs and project managers need to have a firm grasp or established criteria defining a stakeholder. One approach would be to define a stakeholder as any organization, person or entity that has an interest in or can affect, or be affected by, your program. A word of caution here: An organization may not be directly impacted or have the ability to directly influence a program but may still be a stakeholder. Stakeholders can be very involved in the day-to-day operations of a program, or they may stand on the periphery, getting involved much less frequently. They may travel to observe the operations of your program, participate in weekly staff meetings with your team or communicate by phone, formal correspondence or even just by e-mail.

There are two important concepts in defining stakeholders. First, there is the need to define what a stakeholder is, which is largely left to the discretion of the PM. Second, and probably most important, a stakeholder is not the PM. This would seem obvious. However, one might be surprised by how many stakeholders attempt to exert authority and control over a program management team. It is critically important to understand that the PM is held accountable for leading the team to manage cost, schedule, performance and, ultimately, the success of the program. Once those two fundamental concepts are understood, a PM is ready to begin the first step using the IDEA model for stakeholder management.

Step 1: IDentifying Stakeholders

As discussed previously, not every person, organization or agency is a key stakeholder. A PM must be able to identify and sort stakeholders and address them appropriately. Take this scenario for example: A project manager is in charge of procuring and installing a revolutionary upgrade program in a fleet of rental cars. The rental car company is a key stakeholder, with an interest in upgrading the fleet of rental cars. The rental car company ships the cars to the maintenance company (another stakeholder), which then installs the driver-assist upgrade. Another stakeholder is the supplying company that manufactures the parts and components used in the upgrade. In this scenario, a PM is faced with allocating resources (time, funding and personnel) and with coordinating a schedule with the rental car company (or end user), the maintenance organization and the supplying company to achieve the program goal of delivering rental cars with the upgrade. All these organizations could be considered key or first-tier stakeholders. Examples of other stakeholders include the corporate company leadership providing funding, direction and guidance on how to run the program; the insurance company that wants to review test reports of the system's safety; or competing units within the project lead's company—all vying for a share of limited resources. Once stakeholders have been identified, a PM is ready to begin the second step—engaging with the stakeholders.

Step 2: Engage with Stakeholders Early and Often

Engaging with stakeholders is absolutely critical to the success of any program. Waiting for an issue to arise before making your acquaintance with a stakeholder may insert unnecessary challenges, hinder communication and promote a less-than-desirable working situation. It is imperative that PMs boldly seize the initiative and proactively establish a relationship well in advance of any issue or crisis.

Once a PM has determined the need to engage, the approach needs to be considered. If possible, PMs should meet with key stakeholders in person. There is no substitute for interacting with organizations directly. This represents a valuable opportunity to gain perspective and insights into the values and interests of the stakeholder, but it also provides an opportunity for both parties to discuss their visions and goals for the project and get a first glimpse into how easy it will be to align these goals for program success (Step 3).

In the case of the rental-car upgrade program, proactive stakeholder management would entail PM visits with all the key stakeholders (the car rental agency, maintenance company and supplier company). Proactive engagement affords PMs an opportunity to gain critical insights into critical focus areas, allowing them to lead or turn issues and mitigate risks before they become problems. When in-person visits are not possible, video teleconference, telecom or e-mail can also be effective methods for gaining this needed information.

The keys to effective engagement are tailoring the engagement strategy to fit the level of stakeholder, finding an appropriate time and method of communication (in person, telecom or e-mail), and ultimately establishing a relationship that is conducive to a successful program. For a PM, the engagement plan builds the foundation for aligning interest and goals of all the stakeholders to achieve program success (Step 3).

In a constrained environment, program leadership needs to evaluate if these "perceived" stakeholders indeed still add value and if the cost of focusing resources to address their issues is outweighed by benefit to the program.

Step 3: Align Interests—What Are We All Here to Do?

Once a PM has identified stakeholders and engaged and communicated with them, the next step is to align goals and interests to support the program. Organizations all have varied interests, priorities, motivators, missions, goal and visions. In leveraging the second step of engagement, PMs get a chance to assess and understand these interests. This includes considering the perspectives and the frames of reference of the stakeholders. In the case of the rental car upgrade program, the rental agency is concerned with upgrading a fleet of rental cars and staggering this down time to allow for ongoing operations of the rental car service. The maintenance company is concerned with scheduling the maintenance times for the cars, integrating the upgrade into the scheduled maintenance activity and allocating appropriate personnel, skill sets and resources to perform the upgrade installation simultaneously with the scheduled maintenance.

The supplier of the upgrade components is concerned with procuring parts and delivering them in time for the upgrade. The insurance company wants to make sure the components are tested thoroughly and present no safety issues. And the PM is responsible for stitching together the entire process. However, this task may not be as straightforward as portrayed. Ideally, interests would all be supportive of the end goal. But sometimes one individual interest in a group of interests may conflict with another. This represents the chance for program leadership to strategically view how all parts fit together and provide guidance and goal alignment. In the case of the rental car upgrade program, rallying each of the stakeholders behind the common goal to ultimately provide an upgraded vehicle to the rental car company could help align interests.

But what happens if interests and goals can't be aligned? Occasionally, a PM may ID a stakeholder, develop an engagement plan and attempt to align goals only to discover they are incompatible. Resources are limited and program leaders can't continue to allocate funds and personnel to address outside organizations' interests if they can't be aligned with the goals of the project.

A PM may be driven to revisit the identification or engagement steps—possibly removing an organization from the stakeholder list or tailoring the engagement approach. In a constrained environment, program leadership needs to evaluate if these "perceived" stakeholders indeed still add value and if the cost of focusing resources to address their issues is outweighed by benefit to the program. This section of the IDEA model enables reflection and forces routine reassessment of stakeholders, plans to engage and communicate with them, and the feasibility (or lack thereof) of goal alignment.

In conclusion, the IDEA model provides a suggested framework for PMs and leaders to address and synergize with stakeholders. First, PMs develop their criteria for defining stakeholders; then they identify specific organizations that fit this definition. Second, an engagement plan is developed to enable communication with the stakeholders, allowing PMs and leaders to gain a good grasp of stakeholder concerns. Finally, the PM must provide strategic guidance and direction to align all stakeholders with a common goal. Completing the cycle, program leaders should leverage lessons learned to continually reassess stakeholder identification and tailor engagement plans and feasibility for aligning interests and program goals.

In a dynamic environment, where resources are increasingly constrained, this ability to adjust an approach to stakeholder management gives program leaders and managers the flexibility to thrive in a variety of scenarios and ultimately to ensure acquisition program success.

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